

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

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In the Matter of

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

Local Exchange Carriers' Rates,)
Terms and Conditions for)
Expanded Interconnection for)
Special Access)

CC Docket No. 93-162

COMMENTS ON DIRECT CASES

Teleport Communications Group Inc. ("TCG") offers the following comments on the Direct Cases filed by the Tier 1 LECs pursuant to the Commission's Designation Order.¹

The LECs have failed to comply with the Commission's requirements. Rather than providing any meaningful additional cost information as required by the Designation Order, the LECs have simply "re-packaged" the existing cost information already on file with the Commission, information the Commission has already found to be inadequate. The LECs have also failed to meet the Commission's challenge to justify the numerous and abusive terms and conditions included in their tariffs. Rather than providing the justification required by the Commission, their defense consists of little more than an explanation of what they have done, not the required justification of what they have done.

1. Local Exchange Carriers' Rates, Terms and Conditions for Expanded Interconnection for Special Access, CC Docket No. 93-162, Order Designating Issues for Investigation, DA 93-951, released July 23, 1993.

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One controversial aspect of the LEC tariffs has finally become clear. TCG had earlier challenged the necessity for the "POT Bay," which like the discredited "protective coupling arrangements" of a generation ago serves no useful purpose other than to frustrate competition. Ameritech, in its recent Transmittal No. 730, has unbundled the POT Bay and made it an optional feature, thereby admitting that it is not essential for a LEC to provide this equipment.² In doing so, Ameritech also revealed that the POT Bay was the cause of the excessive numbers of repeaters that the LECs insisted be placed on expanded interconnection circuits,³ and also that, by eliminating the POT Bay, interconnectors can be provided with the necessary channel assignment control to the Main Distribution Frame ("MDF"). The record in this proceeding is now more than adequate to permit the Commission to reject any mandatory POT Bays, to require that repeaters only be used where absolutely necessary due to distance, and to specify that interconnectors can be provided channel assignment control to the MDF.

TCG provides in Appendix A hereto its comments on certain of the cost, demand and rate information provided in

2. Ameritech Operating Companies Tariff FCC No. 2, Transmittal No. 730, filed August 13, 1993.

3. Compare Figures 1 and 2 of Ameritech Transmittal No. 730 (showing that POT Bay requires repeaters at 27 to 85 foot intervals, whereas repeaters are only required at 450 to 655 foot distances without LEC POT Bay).

the Direct Cases. In Appendix B TCG provides its response on the various terms and conditions identified for investigation. Review of the LEC TRPs and other materials continues to show a wide and unexplained variation in the costs and rates proposed by the different LECs. Investment values for identical functions vary by orders of magnitude - one carrier's \$200 investment item is another carrier's \$60,000 investment item. Yet the functions involved are not complex, nor should they vary significantly from company to company.

The LECs continue to attempt to frustrate the Commission's pro-competitive policies. TCG would, therefore, encourage the Commission to put an end to these tactics by prescribing appropriate expanded interconnection terms, conditions, and rates.

Respectfully submitted,

TELEPORT COMMUNICATIONS GROUP INC.

A handwritten signature in dark ink, appearing to read "Robert C. Atkinson", is written over a horizontal line.

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TCG Response to Collocation Direct Cases

APPENDIX A: LEC RATES, COSTS AND RATE STRUCTURES

A. OVERVIEW

The purpose of the tariff review plan (TRP) was to fit the LEC interconnection rates into a standardized format to allow for "apples to apples" comparisons. The LECs have, however, failed to comply with the Commission's requirements. For example, many of the LECs simply did not bother to fill out all of the charts.

Even with the minimal data filed by the LECs, some major issues become apparent. In the case of non-recurring charges, NYNEX filed no support at all for its \$54,000 charge. Southwestern Bell and US West both impose excessive costs that require that interconnectors pay to build whole new manholes and conduit, as well as completely new security systems. Other LECs capitalize recurring expenses into nonrecurring charges, a pricing and costing practice which, to the best of TCG's knowledge, is not applied to any other interstate access product sold by the LECs.

In the case of recurring charges, the cost support makes clear the central role that POT Bays and repeaters play in the LECs' strategy of artificially increasing their competitors' costs. NYNEX and Pacific Bell's cost support shows that over \$5 of their DS1 cross-connect charges each month are related to the POT Bay. Bell Atlantic and US West both have repeater requirements that add \$10.62 and \$13.44 per DS1 per month. TCG below discusses the POT bay/repeater/channel assignment issues, and demonstrates that, by eliminating POT Bays, the Commission should eliminate several abusive practices.

Not all LECs proposed ridiculous charges. Rochester Telephone, for example, provides a very simple rate structure, with total construction charges of under \$10,000, including the cage and entrance facility. The Rochester rates should be viewed as a reasonable target for the Commission to push the other LECs to reach.

B. POT BAYS, REPEATERS, AND CHANNEL ASSIGNMENT CONTROL

Several LECs still require a POT Bay as a mandatory part of their expanded interconnection arrangement: NYNEX, BellSouth, US West, Southwestern Bell, and Pacific Bell. Bell Atlantic and GTE do not require a POT Bay. Ameritech recently amended its tariff to make the POT Bay optional.

TCG Response to Collocation Direct Cases

The POT Bay is an unnecessary obstacle that adds to the costs of interconnection, serves no necessary engineering function, and is nothing more than a latter-day "protective coupling arrangement." Elimination of the POT Bay not only eliminates the excessive costs of that unnecessary piece of equipment, but helps resolve channel assignment, and eliminate the need for repeaters. Inasmuch as TCG has never required a repeater in any of its existing intrastate interconnection arrangements, TCG sees no legitimate need for repeaters under proper provisioning practices.

Ameritech's Transmittal No. 730 has done the Commission a service by clearly showing the anti-competitive role of the POT Bay, and how it serves to introduce an artificial need for repeaters which needlessly increases interconnector costs.

Ameritech had initially filed a requirement that a passive (POT) Bay be installed. The cost of the POT Bay and associated DS1 or DS3 termination panel rate elements was incorporated into the floor space rate. Because of the POT Bay, repeaters were required because the presence of the POT Bay limited the per-DS1 distance to 85 feet instead of the standard 650 feet due to signal levelling.¹

With Transmittal No. 730, Ameritech made progress towards solving many of these issues simply by allowing interconnectors to provide their own POT Bay or equivalent. The floor space rate was reduced from \$8.19 per square foot to \$4.05. Repeater were unbundled as a separate rate (although the \$7.88 per month rate per DS1 is much too high), and a per termination rate was developed (\$.76 per DS1 termination) for interconnectors wishing to purchase the POT Bay from Ameritech. Also, Ameritech allowed

1. Ameritech initially projected that repeaters would be used on 80% of all circuits due to the requirement that a POT bay be installed between an interconnector's area and the main distribution frame. US West estimated that 50% of their DS1 cross connections would require one repeater -- and that 35% would require two repeaters! Bell Atlantic assumed that 100% of their cross connections will require repeaters. Because Bell Atlantic does not require POT bays, it based this requirement not on any engineering requirement, but on a totally unsubstantiated need to "protect the network." Bell Atlantic has failed to justify its requirements for repeaters in its Direct Case.

TCG Response to Collocation Direct Cases

interconnectors to have channel assignment control to the LEC's MDF by creating a cable numbering scheme.

Some other LECs -- notably NYNEX -- continue to claim that the POT Bay is required as the single point of termination between the interconnector's facilities and their facilities. TCG does not understand the difference that several feet (the usual distance between the POT Bay and the interconnector's cage) should make. The single point of termination for facilities should obviously be the interconnector's cage itself, as Ameritech permits. Moreover, the LECs are incorrect in claiming that the POT Bay can be used as a test point. For proper testing, circuit levels must be equalized at the point of cross-connection, which is at the LEC's main distribution frame. Thus the idea promulgated by NYNEX that the POT Bay is a centralized "debugging" station, is false. In fact, the POT Bay does nothing but introduce an additional point of failure in the network, and require the installation of unnecessary repeaters.

Another major problem with POT Bays is that LECs define them as the point of demarcation when determining channel assignment control.² Unless the interconnector has channel assignment control, it cannot control the way services are carried on its own network. Channel assignment control must extend to the actual point of cross-connection to the customer, which occurs at the LEC's MDF. Ameritech's Transmittal No. 730 shows that, by eliminating the POT Bay, the channel assignment problem goes away.

Ameritech's Transmittal No. 730 has provided a simple rate structure solution that the Commission can follow, and which will solve several problems. The Commission must first allow interconnectors to terminate their facilities at their cages and provide their own termination function. The Commission should also require, as Ameritech has done, that the LECs provide interconnectors with channel assignment control back to the LEC's main distribution frame. Third, the Commission should require that repeaters for cross connects be tarified as a separate item, and that LECs apply reasonable engineering standards to ensure that repeaters are only required at distances in excess of those specified

2. Channel assignment control refers to the ability of an interconnector to decide which channel on its own multiplexers a customer's circuit will ride.

TCG Response to Collocation Direct Cases

in Ameritech's Transmittal No. 730. These decisions will eliminate an obvious anti-competitive practice, reduce interconnector costs, and resolve the channel assignment control issue.

C. OTHER PROBLEMS WITH LEC COST SUPPORT AND RATE STRUCTURES.

As noted above, the LECs have failed to provide the Commission with the information requested, and what they have provided is often confusing and inconsistent. TCG has identified some examples of the improper costs and rates being proposed by the LECs:

- o Bell Atlantic includes provisions to charge interconnectors on a time and materials basis for large portions of their construction activities, contrary to the Commission's requirement that it specify these costs and rates.
- o Ameritech includes a \$1300 charge for the net present value of many years of maintenance and taxes for nonrecurring charges, even though these are not nonrecurring costs, and the collocater may or may not occupy the facility that long.
- o NYNEX has refused to identify and quantify the cost elements that make up its \$54,900 non-recurring building charge. NYNEX has simply averaged the inflated rates that they charged for intrastate collocation arrangements, and which have never been cost justified or cost based.
- o Numerous LECs propose ridiculously overpriced rates for order processing and design work. Bell Atlantic, GTE, Southwestern Bell, and Pacific Bell filed non-recurring rates that range from \$3,000 to over \$9,300. They justify these excessive charges on the basis that a small army of sales, marketing, real estate, and engineering professionals will be required to process a simple request for service. By contrast, Ameritech proposes a \$531 rate, which is based on 8 hours of labor. TCG suggests that the Commission prescribe the Ameritech charge as an upper limit for such charges.
- o Southwestern Bell proposes a rate of \$2,191 for the installation of simple electric service, presumably just a few 110 volt plugs.

TCG Response to Collocation Direct Cases

- o For cage construction, Pacific Bell proposes a rate of \$16,000, while US West proposes \$27,000. Bell Atlantic suggests a \$6,500 charge, while Ameritech prices a Transmission Node at \$5,747. TCG, after discussions with its subcontractors, determined that a cage that fits the requirements for expanded interconnection can be constructed for about \$1,000.
- o LECs failed to provide both the market and book floor space information required by the Commission, but instead largely repeated the information they already provided regarding the methodology they chose. Among the most expensive office space in the nation is that in downtown Manhattan, where quality space is priced at about \$3.00 per month per square foot. Any LEC methodologies that provide a higher rate should be disregarded by the Commission.
- o Pacific Bell claims that six different work groups must be involved to provision a single DS1 or DS3 cross-connect order, at a total cost of \$179.20. Similarly, US West claims a total cost of \$266.31, loaded up to a monthly rate of \$487.00, for DS1 provisioning. These costs include a depreciation/cost of money/taxes expense, although there should be no investment for this nonrecurring charge.
- o Bell Atlantic has introduced a ridiculously high network racking charge, in order to circumvent the Commission's disallowance of its original collocation rates. This excessive charge, which is allegedly designed to recover the costs of cable racking, would produce a rate of \$2,375 to carry a standard 250 pair cable (125 DS1s) for 100 feet in the central office, and would assume an investment of \$66,750 for that 100 feet of racking for a single cable. The Commission must reject this outrageous and unsupported rate element.
- o Ameritech, Southwestern, BellSouth, and GTE have filed rates that appear to encompass the cost to install an entirely new security monitoring and access system in their central offices. Ameritech shows an investment of \$7,845, BellSouth a non-recurring charge of \$12,500, GTE proposes rates ranging from \$11,000 to \$33,000, and Southwestern Bell proposes rates ranging from \$5,196 to \$15,130. Most central offices already have such systems installed, so that the cost to serve

TCG Response to Collocation Direct Cases

interconnectors should only be that of programming access cards and providing locks and keys. For those central offices in which a security system must be installed, the interconnectors should only pay a portion of the costs, as the LECs will derive a substantial benefit as well.

- o Ameritech proposes a nonrecurring "security" cost of \$1,146, which is composed solely of seven years of recurring expenses.
- o In computing DC power costs, NYNEX uses a 1.7% cost of money; Bell Atlantic uses 13.99%; Southwestern Bell 10.89%, while Pacific uses 6.25% as its cost of money.
- o LEC rates for DC power vary between \$199 and \$424 for 40 amps, but investment varies from \$6,343 to \$258,915. See DC Power Table.
- o LEC "Sample Price Outs" appear generally accurate, except that Southwestern Bell did not use its most expensive Tenant Accommodation Charge (rated at \$71,000), even though many of their central offices are rated at this amount. Bell Atlantic and US West do not appear to have included time and materials charges. Additionally, Southwestern Bell and US West allow partial self-provisioning of services; by excluding these costs their price outs are not comparable to those of other LECs.³
- o Southwestern Bell and US West assess nonrecurring installation charges that appear to require that interconnectors pay for brand new conduits and manholes.

The above list is by no means complete, but is intended to give some examples of the rate, cost and structure problems that continue to be presented by the LEC collocation rates.

3. TCG supports those LECs who permit self provisioning, and would encourage the Commission to press other LECs to do the same.

TCG Response to Collocation Direct Cases

DC POWER TABLE

	Recurring Rate/40 Amps	Investment Per 40 Amps
Ameritech	319.60	None
Bell Atlantic	424.00	258,915.20
Bell South	199.00	6,342.61
Nynex	326.00	8,014.00
Pacific Bell	296.00	14,275.00
Southwestern	411.00	6,505.00
US West-Colorado	340.80	7,470.40

TCG Response to Collocation Direct Cases

APPENDIX B: TERMS AND CONDITIONS

1. ARE THE LECS' PROVISIONS REGARDING INTERCONNECTION SPACE SIZE, EXPANSION AND RELOCATION REASONABLE?

LEC POSITIONS: MINIMUM/MAXIMUM SPACE:

All the LECS stated that their minimum collocation space requirement is ordinarily 100 square feet.* Ameritech will, however, permit a smaller area if that is all that is available.** Bell Atlantic, Pacific Bell and Southwestern Bell set their maximum space at 400 square feet,*** while NYNEX sets its maximum at 300 square feet.**** With the exception of NYNEX and US West, each LEC stated that additional space would be made available in 100 square foot increments.*****

TCG RESPONSE: MINIMUM/MAXIMUM SPACE:

TCG agrees that a 100 square foot size for the initial space requirement is generally reasonable. Where it is not reasonable is where the result of this requirement would be to deny physical interconnection. In that case, the Ameritech solution of allowing the interconnector to have an area of less than 100 square feet if that is all that is available is a superior option, and all LECS should be

*. NYNEX says that its standard size is 100 square feet, but it would permit a customer to order a minimum of 80 square feet.

**.

Ameritech Direct Case, p.23.

***.

Bell Atlantic Direct Case, p. 39; Pacific Bell Direct Case, p. 61; Southwestern Bell Direct Case, p. 29.

****.

NYNEX Direct Case, Appendix C, page 1.

*****.

NYNEX will permit additions in 20 square foot increments and US West will permit contiguous increases in any amount but non-contiguous must be in 100 square foot parcels.

TCG Response to Collocation Direct Cases

required to offer that option.* Additional space should be available in 20 square foot increments as proposed by NYNEX.

Many of the LECs proposed no maximum space limitation. None of the LECs which proposed such limits established a reasonable basis for their maximum space limitations. LECs should not be allowed to put a ceiling on an interconnector's ability to grow. The only rationale put forth by the LEC is that this limitation will prevent the "warehousing" of interconnection space. First, interconnectors are not rate based utilities who can recover excess costs from captive ratepayers, and therefore they have no incentive to purchase excessive and unnecessary space. Second, warehousing of space presumes that the interconnector has no legitimate reason for the additional space. Rather than bar all expansion above a certain size on the assumption that no interconnector could possibly need such space, it would be more reasonable to allow interconnectors to decide for themselves if the market requires such space.

LEC POSITION: NYNEX SPACE REQUIREMENTS:

NYNEX now agrees that it will charge only for the actual square footage delivered, not 100 square feet in all cases, if less than 100 square feet is delivered.** NYNEX also agrees to charge the interconnector only for the space ordered, even if more than the requested amount is delivered.***

TCG RESPONSE: NYNEX SPACE REQUIREMENTS:

NYNEX has agreed to correct its space policies.

*. Less than 100 foot areas should be offered at appropriate per square foot prices.

**. NYNEX Direct Case, Appendix C, p. 1&2.

***. Ibid, Appendix C, page 2.

TCG Response to Collocation Direct Cases

LEC POSITIONS: ADDITIONAL SPACE REQUIREMENTS:

The LECs repeat their earlier claims that additional orders for space would be treated as new orders and that costs will remain the same because the underlying application and work processes will allegedly be the same.*

TCG RESPONSE: ADDITIONAL SPACE REQUIREMENTS:

The LECs merely give the same explanation that was already given and which was not found to be adequate by the Commission. The LECs allege that they will follow the same processes and incur all the same costs -- but none explain why it is necessary to have this duplication of effort, or whether they have examined the possibility that it might not cost as much.

For example, one would think that the initial engineering examination of the central office would identify available space on a floor or even an entire building, and that a complete repetition of this process would not be required. Once an initial interconnection application has been processed, and construction has been completed, many of the LEC's requirements are met: insurance, employee registrations, equipment approval, etc. Moreover, any alleged central office modifications -- such as air conditioning, power and lighting -- have already been resolved. Cable racking and panels should certainly not need to be reconstructed, re-routed or re-engineered each time an interconnector finds the need for additional space.

The size of these nonrecurring charges -- over \$50,000 in some cases -- is so large that the Commission cannot accept these inadequate responses. TCG would recommend, therefore, that the Commission limit the charges for additional space to the direct costs for the additional collocation space, and require a separate, tariffed nonrecurring charge for such additions.

*. Ameritech Direct Case, p. 24; Bell Atlantic Direct Case, p. 41; BellSouth Direct Case, Exhibit 6, p. 2; GTE Direct Case, p. 37; NYNEX Direct Case, Appendix C, p. 2; Pacific Bell Direct Case, p. 62; Southwestern Bell Direct Case, p. 30; US West Direct Case, p. 77.

TCG Response to Collocation Direct Cases

LEC POSITIONS: CONTIGUOUS SPACE:

All LECs responded that they will provide contiguous space when it is available.* The LECs also agree that direct cabling between non-contiguous spaces will be permitted, but the LECs vary on the terms and conditions. For example, NYNEX (NYT) says the interconnector is responsible for supplying, installing and maintaining the cable.** Ameritech will provide direct cabling between a customer's non-contiguous space on a time and materials basis, Pacific Bell states that it will allow for cable racking in the "Common Collocation Area," and Southwestern Bell says cabling will be considered on a wire center basis and charged as an extraordinary cost item.***

TCG RESPONSE: CONTIGUOUS SPACE:

The LECs generally agree that they will strive to provide contiguous space where possible. Where it is not possible, NYNEX reaches an appropriate conclusion in allowing the interconnector to connect its own facilities (presumably without charge). Since such connections are only required when the LEC has failed to provide contiguous space, allowing the interconnector to provide this capability itself at no charge is reasonable and appropriate. Finally, the role of Pacific Bell's "Common Collocation Area" is unclear and requires further definition to ensure it does not unreasonably limit interconnector options or unreasonably add to costs.

*. Ameritech Direct Case, p. 24; Bell Atlantic Direct Case, p. 41; BellSouth Direct Case, Exhibit 6, p. 3; GTE Direct Case, p. 38; NYNEX Direct Case, Appendix C, p. 3; Pacific Bell Direct Case, p. 63; Southwestern Bell Direct Case, p. 31; US West Direct Case, p. 79.

**. This would appear to be acceptable, presuming further that NYNEX will assess no charge for the connection cable that the customer is supplying.

***. Ameritech Direct Case, p. 25; NYNEX Direct Case, Appendix C, p.3; Pacific Bell Direct Case, p. 63; Southwestern Bell Direct Case, p. 31.

TCG Response to Collocation Direct Cases

2. ARE LECS' TARIFF PROHIBITIONS AGAINST EXPANDED INTERCONNECTION WITH DARK FIBER SERVICE CONSISTENT WITH THE SPECIAL ACCESS ORDER?

LEC POSITIONS:

BellSouth contends that it should not have to offer dark fiber interconnection because the service is only offered between customers premises and does not go through the MDF.* BellSouth also states that dark fiber does not use an electrical interface, but that is the type of interface offered with expanded interconnection. NYNEX echoes these points.** Southwestern Bell states that the Commission itself has said that the BOCs are not required to offer dark fiber.*** US West claims that dark fiber should not be provided to interconnectors because the collocators' leased physical space is not a customer premises.**** US West also maintains that dark fiber does not contain features vitally important to the success of EIC services.*****

TCG RESPONSE:

Like any other customer, interconnectors should have the ability to purchase dark fiber. US West's claim that the collocation space is not a customer premises is meaningless -- taken to its logical conclusion that assertion would justify not providing any service to a collocation space. US West's claim that dark fiber is not

*. BellSouth Direct Case, Exhibit 6, p. 4.

** NYNEX Direct Cost, p. 43.

***. Southwestern Bell Direct Case, p. 33. The Commission has, however, required four RBOCs (Bell Atlantic, US West, Southwestern Bell, BellSouth) to make a general offering of dark fiber. Accordingly, the fact that Ameritech, for example, does not have to offer dark fiber in general provides no basis for excusing Southwestern Bell, which is required to offer dark fiber, from offering this Special Access service to interconnectors.

****. US West Direct Case, p. 82.

*****. Ibid., p. 82. US West lists lack of surveillance, performance monitoring and test capabilities.

TCG Response to Collocation Direct Cases

"vitally important" is equally meritless. Interconnectors should be able to decide for themselves whether dark fiber can be used in their network.

Claims that dark fiber should not be made available because it is a customer premises to customer premises service, or that it does not touch the MDF, are incorrect. For example, Southwestern Bell's dark fiber service, while it is a "premises-to-premises high capacity service" includes costs for central office electronics because "SWB will provide central office electronics for monitoring and testing."* Accordingly, SWB has admitted that its dark fiber services go into the central office, and presumably they are converted to electrical signals and routed through the MDF, since TCG is aware of no other way that SWB could "monitor and test" its dark fiber services. Finally, given that the essence of a collocation arrangement is the pulling of the collocater's fiber into the collocation space, it is simply not credible for the LECs to maintain that there is any technical or legal impediment to their offering of a dark fiber interconnection option. While the existing electrical cross connection elements do not fit the service, that merely means that the LECs need to develop rates for a dark fiber interconnection option.

*. Bell Atlantic Telephone Companies et al., DA 91-228 (released February 22, 1991) at ¶ 8.

TCG Response to Collocation Direct Cases

3. ARE THE LECS' PROVISIONS REGARDING WAREHOUSING OR EFFICIENT USE OF SPACE REASONABLE?

GENERAL TCG POSITION:

TCG believes the entire issue of "warehousing" is simply overdone and misplaced. Even assuming an interconnector had the financial resources (and willingness to lose huge amounts of money) to order excessive amounts of collocation arrangements, it would gain no advantage whatsoever against the interconnector's real strategic competitor -- the LEC. Indeed, it would just provide the LEC with even more money, putting the competitor in a deeper hole in competing. Accordingly, the various LEC provisions that are directed at preventing "warehousing" are unnecessary, and are more likely designed to place interconnector investments at risk, or lead to early availability of LEC pricing flexibility.

LEC POSITIONS: ANCILLARY EQUIPMENT:

Few LECs attempted to regulate the proportion of a collocation space that can be used for ancillary equipment. Indeed, GTE stated that "as long as the ancillary equipment a customer places in the cage is reasonable for the performance of the business, GTE has no concerns."* Only Bell Atlantic and US West have provisions limiting the interconnector's use of its space,** but they fail to offer any credible defense for these requirements, and in fact fail to answer the Commission's questions.

TCG RESPONSE: ANCILLARY EQUIPMENT:

Neither Bell Atlantic nor US West offer any credible reason for their space utilization requirements, nor any support for their choice of a 50% factor (rather than a 10% factor or 90% factor). As non-rate base regulated, market driven companies, interconnectors will have a natural

*. GTE Direct Case, page 40.

**. Bell Atlantic's tariff states that "no more than 50% of the floor space is [to be] used for storage cabinets and work surfaces." Bell Atlantic Direct Case, p. 45. US West's tariff similarly requires that no more than 50% [of the floor space] is to be used for storage cabinets. US West Tariff Section 21.4.1.6(C).

TCG Response to Collocation Direct Cases

incentive to use collocation spaces efficiently. Moreover, these Bell Atlantic and US West requirements have no rational relationship to any legitimate concern of the LEC about space utilization, since they do not consider whether other parties need the space, how efficiently other parties (or the LEC) are using their space, whether many or few cross connections are being provided to the space, or the like. As GTE properly recognized this issue, the interconnector's use of its space is the interconnector's business, not the LEC's (so long as authorized equipment is placed in the space). Accordingly, Bell Atlantic and US West should be directed to delete this provision from their tariffs.

LEC POSITIONS: TIME PERIODS:

The LECs offer a wide range of time periods within which interconnectors are expected to begin service. They range from sixty days* to ninety days** to six months*** to twelve months.**** The requirements of Ameritech and Bell Atlantic only become effective when there

*. Southwestern Bell requires that transmission equipment be placed in the interconnector's space within 60 days of availability. Southwestern Bell Tariff, Section 25.2 (B) (1) (a).

**. Bell Atlantic requires service to be operational in ninety days. Bell Atlantic Direct Case, p. 45. Pacific Bell requires that its customers install and test their basic equipment and interconnect a circuit within ninety days of space availability. Pacific Bell Direct Case, p. 65.

***. GTE requires its customers to have installed equipment with the capability of taking service within six months of service available. Actual service does not need to be active, so long as the customer is making a good faith effort to provide service. The customer need only show that work is in progress. GTE Direct Case, p. 41.

****. Ameritech requires service to be active within twelve months. Ameritech Direct Case, p. 26.

TCG Response to Collocation Direct Cases

is a legitimate and unmet need for space.* None of the LECs demonstrated that their time periods were reasonable, nor did they justify the reasonableness of imposing such deadlines in the absence of a "waiting list" for space in the central office.

TCG RESPONSE: TIME PERIODS:

The LECs have an independent reason to push interconnectors to turn up service as early as possible: the LEC's zone density pricing plans become effective when that happens. Accordingly, the Commission must be particularly sensitive to these LEC installation time requirements, which could force interconnectors to turn up service earlier than their business needs require in order to avoid losing the expensive collocation arrangements they have paid for. Moreover, as competitive companies, interconnectors have a natural and powerful business incentive to operate efficiently and not to waste money, which the Commission can rely on to prevent any "warehousing" of space.

TCG therefore recommends that the Commission reject any time limitations unless (1) they provide at least a one year period before an interconnector is required to turn up a cross connection element; and (2) the one year period does not begin until the LEC has received a collocation request from a new interconnector, lacks space to accommodate the new applicant, and provides notice to the interconnector that the one year period has begun. This standard will meet any legitimate concern the LEC might have about the timing of service installation, while not forcing interconnectors into turning up service earlier than their business plans demand.

LEC POSITIONS: ADDITIONAL SPACE:

A few LECs impose utilization requirements before additional space can be ordered. For example, Pacific Bell still requires six Bays to be full before additional space can be ordered.** No other LECs impose anything even vaguely familiar to this condition.

*. Ameritech Direct Case, p. 26; Bell Atlantic Direct Case, p.46.

**.. Pacific Bell Direct Case, p. 67.

TCG Response to Collocation Direct Cases

TCG RESPONSE: ADDITIONAL SPACE:

LEC limitations on the ordering of additional space must be subject to special scrutiny, since they will impact the ability of the collocator to grow. Requirements based on number of bays or floor space utilized should not be accepted, as they intrude on the interconnector's provisioning decisions and business plans. For example, an interconnector could have a limited amount of traffic at an office at present but plans to grow substantially, so that it needs to increase space today due to the lead time for collocation. Similarly, interconnectors should not be prohibited from ordering more than 100 square feet at the outset, if they believe their business plans will require it. Finally, the LEC has no legitimate concern about the interconnector's ordering and use of space unless there is a present shortage of space in the office. Accordingly, TCG would recommend that no limits on additional space should be permitted in the absence of a current "waiting list" for space. In that case, interconnectors should be allowed to order new space if they are operational with at least five cross connections in service or on order.

TCG Response to Collocation Direct Cases

4. ARE THE LECS' PROVISIONS REGARDING NOTICE TO OR FROM INTERCONNECTORS IN THE EVENT OF SERVICE TERMINATION REASONABLE?

LEC RESPONSES:

The LECs continue to assert that interconnectors are no different than other special access customers and that the same notifications are warranted.* Pacific Bell offers no notification in the event of a security breach or violation of law, event which they reserve the right to determine.** BellSouth gives 15 days notice to institute "remedial" measures to correct a tariff violation.*** BellSouth and Pacific Bell suggest allowing interconnectors a 30 day time interval in which to notify LECs of their intent to discontinue service.****

TCG RESPONSE

All LECs should be required to provide notice within a reasonable period of time before instituting any important changes in service. Pacific Bell should be required to remove its tariff provisions that allow for immediate service termination without notice in the event of "security breaches" or "violations of law" as defined by Pacific.

*. Southwestern Bell Direct Case, p. 39; GTE Direct Case, p. 41.

** Pacific Bell Direct Case, pp. 69-70.

*** BellSouth Direct Case, Exhibit 6, p. 7.

**** BellSouth Direct Case, p. 8. Pacific Bell Direct Case, p. 70.

TCG Response to Collocation Direct Cases

5. ARE THE LECS' PROVISIONS PERMITTING THEM TO TERMINATE A COLLOCATION ARRANGEMENT REASONABLE?

LEC POSITIONS:

Most of the LECs continue to defend their power to terminate for virtually any breach of the tariff, without regard to its materiality.* NYNEX makes the argument that the interconnector has the right to terminate the interconnection arrangement under the same terms, so that this is fair. US West provides a lengthy explanation which still leaves its position uncertain.** Most LECs argue that they should be able to terminate a collocation arrangement even during the pendency of a Section 208 complaint.***

*. For example, Bell Atlantic claims that a violation of any tariff provision is grounds for termination because "all ... are material in nature." Bell Atlantic Direct Case, p.52. Pacific Bell also claims that "all of the terms in its tariffs governing EIS are material and, accordingly, violation of any tariff requirement should be sufficient grounds for termination." Pacific Bell Direct Case, p. 71. See also GTE Direct Case, pp. 44-45; NYNEX Direct Case, Appendix H, p. 1.

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Despite its lengthy explanation, US West's position is somewhat confusing. On the one hand, US West says that termination will only be applied for a "material breach" of the tariff, and that this does not include a "violation of the general terms and conditions associated with services other than EIC." US West appears to say that an interconnector that is in violation of any US West tariff provision may have its interconnection service discontinued but will not be required to vacate. If, however, its expanded interconnection services can be discontinued for any tariff violation, there does not appear to be any benefit to the interconnector to continue to be allowed to occupy its space if it cannot do anything with it. US West Direct Case, pp. 90-110.

***. See, e.g., Bell Atlantic Direct Case, p. 53; US West Direct Case, p. 99.

TCG Response to Collocation Direct Cases

TCG RESPONSE:

None of the LECs have complied with the Commission's requirement to defend -- as opposed to simply restate -- their termination provisions. NYNEX's claim of "fairness" is not relevant in this context. The LEC possesses a bottleneck facility, and expanded interconnection is designed to open that bottleneck up to interconnection. It is little comfort to say that if the bottleneck provider fails to meet its obligations the interconnector has the "right" to lose its access to the bottleneck, just as it is unfair to say that the LEC can terminate its access to the bottleneck for incidental violations of immaterial aspects of the tariff.

TCG submits that LECs should not be allowed to terminate collocation arrangements unless there is a material and serious breach of relevant tariff provisions. Secondly, there should be an opportunity for Commission review of any such action, perhaps through an expedited Section 208 process. The Commission should as a matter of policy routinely require continuation of service during a Section 208 complaint, subject to whatever reasonable requirements the Commission would deem appropriate under the circumstances. Finally, LECs should be required to demonstrate (through evidence) that they routinely terminate other interstate access services for the same type of tariff violation.

TCG further submits that LECs should not be allowed to charge for the termination of a collocation arrangement, either by the LEC pursuant to a validly exercised right of termination, or by the customer pursuant to an ordinary cancellation of service. Cancellation charges do not apply for termination of ordinary DS1 and DS3 LEC services. Moreover, the LECs purport to be recovering all their costs through their extraordinarily high nonrecurring charges. Finally, the LECs would be able to resell a collocation arrangement if other customers need additional space.

TCG Response to Collocation Direct Cases

6. ARE THE LECS' PROVISIONS REGARDING TERMINATION OF COLLOCATION AGREEMENT IN THE EVENT OF A CATASTROPHIC LOSS REASONABLE?

LEC POSITIONS:

Ameritech suggests a 30 day notice period when a central office is damaged.* Several LECs suggest 90 days for notice.** Other LECs refuse to provide any notice period at all.*** Some LECs suggest that the Commission should not address this issue at all, given that there are NSEP service priority guidelines.

TCG RESPONSE:

All LECs should be required to provide notice within a reasonable period. Ameritech indicates that 30 days is reasonable, and no LEC provides any evidence to indicate that Ameritech is somehow better equipped to deal promptly with these matters than they are. It is also important that the Commission enunciate a standard for restoration of expanded interconnection facilities, which should be that interconnector facilities at returned to service at the same time the LEC's other access customers are returned to service. With respect to LEC claims that the Commission should not address this issue at all because there are NSEP guidelines, the LECs' own actions contradict this claim. A number of LECs offer access services which include special restoration guarantees or credits, separate from NSEP guidelines.

*. Ameritech Direct Case, p. 28.

**.. Bell Atlantic Direct Case, p. 54; BellSouth Direct Case, p. 9; NYNEX Direct Case, Appendix I, p. 1;

***. GTE Direct Case, p. 45; Southwestern Bell Direct Case, p. 41; Pacific Bell Direct Case, p. 74.

TCG Response to Collocation Direct Cases

7. ARE THE LECS' RELOCATION PROVISIONS REASONABLE?

LEC POSITIONS: NOTIFICATION:

A number of the LECs already include some notification provisions in their tariffs although they are generally not complete.* Those carriers that do not include any notification provisions agree that they would be willing to include such provisions.**

TCG RESPONSE: NOTIFICATION:

Movement of interconnector transmission equipment is a very serious concern and has the potential to produce serious disruptions in customer service. In those instances where such relocations are required -- as discussed below TCG believes those should be very rare -- sufficient advance notification is needed to ensure a seamless transfer of service without impact to the interconnector's customers. At a minimum, at least six months notice should be required in all cases, barring legitimate catastrophic emergencies. GTE, US West and BellSouth agree that this is a reasonable timeframe and TCG can imagine no basis to distinguish those Tier 1 LECs from any other insofar as notification is

*. Ameritech's tariff contains no notification for in-building moves and one hundred eighty days notice for relocation to new buildings. Pacific Bell will provide 90 days written notice for an in-building move but does not mention an out of building move. GTE will provide 6 months notice to reclaim any space required by law (PSC, its own tariffs) required to provide service. No notification is included in GTE's tariff for moves determined necessary by GTE. They state that they would be agreeable to add language to require 6 months notice "when feasible". In the event of casualty as defined by US West, the interconnector will be given 45 days notice and the option of moving their equipment within the central office. When exercising its "right to reclaim property", US West will provide six months notice of the need to quit the premises.

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NYNEX offers to provide advance notification but gives no parameters. BellSouth's tariff contains no policy regarding notification but they offer to make "reasonable efforts" to inform the customer. Southwestern Bell believes there is no need to include such language in its tariff, but if needed to do so, believes six months is adequate.